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REPORT OF THE SECRETARY-GENERAL ON HIS MISSION OF GOOD OFFICES IN CYPRUS

1. The present report on my good offices mission in Cyprus is being provided pursuant to paragraph 10 of Security Council resolution 750 (1992) of 10 April 1992, by which the Council requested me to submit by July 1992 at the latest a full report on the outcome of my efforts and to make specific recommendations for overcoming any outstanding difficulty.

2. In my most recent report on this question (S/23780 of 3 April 1992) I recounted the effort that had been made in the preceding two years to prepare a set of ideas of an overall framework agreement. I summarized the text of the set of ideas that had emerged from extended contact with the parties, opining that it provided the elements of a fair solution on a significant number of elements of the overall agreement. I added that if similar progress could be made on the outstanding issues in the set of ideas, in particular territorial adjustments and displaced persons, an overall solution would be within reach.

3. In its resolution 750 (1992), the Security Council, inter alia, endorsed the set of ideas described in certain paragraphs of my above-mentioned report "as an appropriate basis for reaching an overall framework agreement, subject to the work that needs to be done on the outstanding issues, in particular on territorial adjustments and displaced persons, being brought to a conclusion as an integrated package mutually agreed upon by both communities". The Council also asked that I pursue my intensive efforts to complete the set of ideas during May and June, to keep the Council closely informed of my efforts and to seek the Council's direct support whenever necessary.

A. The effort since April 1992

4. Following the adoption of resolution 750 (1992), my representatives visited the area from 8 to 15 May for further discussions with both sides in Cyprus and with the Governments of Greece and Turkey. They were received at Ankara by Prime Minister Demirel and at Athens by Prime Minister Mitsotakis. Both Prime Ministers affirmed their strong support for my current effort.

5. In the light of these discussions in the area, I wrote on 1 June 1992 to the leaders of both communities, inviting them to meet with me at United Nations Headquarters in New York, beginning on 18 June 1992, for such reasonable duration as might be necessary to reach agreement on a set of ideas of an overall framework agreement. In my letter of invitation, I recalled that the set of ideas had evolved on the basis of a lengthy series of discussions, during which my representatives had presented ideas under the various headings of such an agreement. I noted that in further discussions these ideas had been elaborated and amended in an attempt to respond to the legitimate interests and reasonable concerns of both parties. I indicated to the two leaders my intention to continue with the same procedure at the meetings in New York. I also indicated to both leaders that on the basis of the most recent discussions and of Security Council resolution 750 (1992), it should now be possible to provide a set of ideas covering all of the eight headings, each with equal clarity, and that that should enable the leaders to address the set of ideas as an integrated whole.

6. In the letter of invitation that I addressed to both leaders on 1 June 1992, I also proposed that after separate introductory meetings with each of them, the following days would be devoted to proximity talks on the set of ideas covering all eight headings with equal clarity in order to ascertain the possibility of reaching an agreement as an integrated whole. In line with resolution 750 (1992), I added that initial attention would be focused on the outstanding issues, in particular those of territorial adjustments and displaced persons. I proposed further that if the two leaders were within agreement range on all eight headings, the planned proximity talks would be followed by a joint meeting to complete the work. A successful joint meeting, I stated, would enable the convening of a high-level international meeting as envisaged by the Security Council, to conclude an overall framework agreement.

7. Both leaders accepted my invitation and, accordingly, following a further preparatory visit to the region by my representatives in early June, I began separate meetings with the two leaders at Headquarters on 18 June 1992.

8. On 1 June 1992, I also wrote to the Prime Ministers of Greece and of Turkey suggesting that it would be helpful if they could each designate a senior official to be in New York throughout the period of the meetings. Both Prime Ministers responded positively and so each has had a senior representative in New York throughout the period of the meetings.

9. My proximity talks with the two leaders began on 18 June and continued, in a first phase, until 23 June. During that period, I met on five occasions with each leader respectively as well as hosting a brief joint social encounter between them. These gatherings extended over approximately 10 hours in total. The proximity talks were interrupted on 23 June, owing to my absence from Headquarters. It was agreed that they would resume in New York on 15 July 1992.

10. The resumption of the proximity talks on 15 July benefited from the adoption on 13 July 1992 of a statement by the Security Council (S/24271). In that statement, the Council, inter alia, reaffirmed its endorsement of the set of ideas as an appropriate basis for reaching an overall framework agreement as mentioned previously in paragraph 4 of resolution 750 (1992); considered that the forthcoming meetings represented a determining phase of the Secretary-General's effort and called upon both leaders to be ready to take the necessary decisions to reach agreement on each of the issues as dealt with in the set of ideas as an integrated whole; and reaffirmed its decision to remain seized of the Cyprus question on an ongoing and direct basis in support of the effort to complete the set of ideas and to conclude an overall framework agreement.

11. During the period of the resumed proximity talks (15 July-11 August), I or my representatives had some three dozen separate meetings with the two leaders, and I hosted a joint working luncheon on 17 July. Apart from numerous informal contacts with the two leaders and their delegations, my representatives and I conferred separately with the two leaders for a total joint duration of some 40 hours.

12. After reviewing the proximity discussions that took place from 15 July to 11 August 1992, and in line with the agreed procedures of the talks, I invited the two leaders to attend joint meetings beginning on 12 August 1992 to negotiate an agreement on the basis of the set of ideas, including my suggestions on territorial adjustments and displaced persons. The two leaders accepted my invitation. They also agreed that the discussions would focus in the first instance on the issue of displaced persons, then, when consideration of that issue had been satisfactorily dealt with they would proceed to constitutional arrangements, and then after the consideration of that issue they would proceed to the issue of territorial adjustments and then to the other issues that make up the agreement.

13. In all, four joint meetings were held, one on 12 August, two on 13 August and one on 14 August. The total duration of the joint meetings, including the earlier joint working luncheon, was approximately eight hours. On 14 August I suggested that the joint meetings enter a pause for reflection and it was agreed by all concerned that the joint meetings would reconvene at United Nations Headquarters on 26 October 1992.

B. My discussions with the parties

14. At the outset of the proximity talks in New York in mid-June, I underlined to both leaders the great expectations, internationally and in Cyprus, that surrounded the current effort. I particularly emphasized the expectations of the Security Council. I told them that it was long past time for the parties to take the important political decisions necessary for an agreed, compromise solution and that the continuation of the status quo was not a viable option.

15. I told the two leaders that I would concentrate in the first instance on the two outstanding issues, territorial adjustments and displaced persons, as was envisaged by the Security Council, and that I would proceed to a discussion of the other issues once I was satisfied that reasonable progress had been made in bringing the parties within agreement range on those two issues. They each agreed to observe during the talks the procedure that I would set in exercise of the prerogatives conferred on me by the good offices mandate.

16. At the resumption of the proximity talks on 15 July I presented to each of the two leaders the text of the set of ideas, including suggested territorial adjustments reflected in a map, which I asked both leaders to accept as the basis for working out an overall agreement. The entire set of ideas is set out in the annex to the present report.

1. Territorial adjustments

17. The area of the United Nations-controlled buffer zone comprises some 3 per cent of the territory of the State of Cyprus. The area to the north of the buffer zone makes up over 36 per cent. Prior to the events of 1974, the population of Cyprus was approximately 80 per cent Greek Cypriot, 18 per cent Turkish Cypriot and 2 per cent Maronites and others.

18. The map in the set of ideas delineates two federated States in line with the criteria contained in my previous report (S/23780, para. 25) and endorsed by the Security Council, namely that a substantial number of Greek Cypriot displaced persons would be able to return to their homes in the area that would come under Greek Cypriot administration. It also takes into account the criteria mentioned by H.E. Mr. Denktaş to my representatives in earlier discussions: that (a) the territorial adjustment maintain the island's coastline currently controlled by the Turkish Cypriot authorities; (b) the proposed Turkish Cypriot federated State touch in the east the United Kingdom Sovereign Base Area; (c) the territorial adjustment respect the traditionally Turkish Cypriot villages; (d) the territorial adjustment take into account the distribution of water resources on the island; and (e) the airport known as Erçan Airport be left in the area under Turkish Cypriot administration.

19. Mr. Denktaş expressed displeasure about the fact that I had presented a map to both parties, and about the suggested delineation. He estimated that the suggested territorial adjustment, i.e., the area that would come under Greek Cypriot administration, would have the effect of displacing the current residents from the affected area. In addition to his concerns about uprooting current inhabitants in the affected area, he expressed apprehension about the impact of the suggested territorial adjustment on the economic welfare of the Turkish Cypriot community, in particular with respect to the productive lands in the Morphou area, which support essentially the cultivation of citrus and other fruits. He was also concerned about the effect that such a territorial adjustment would have on the traditional water resources in the Turkish Cypriot area.

20. In the course of the proximity talks, I sustained a lengthy discussion with Mr. Denktaş, as did my representatives, on the basis of the territorial adjustments included in the set of ideas. Mr. Denktaş indicated his readiness to accept a territorial adjustment which would result in the Turkish Cypriot federated State comprising 29+ per cent as he had accepted in late 1984 and again in 1986.

21. Mr. Denktaş set out four separate proposals for a territorial adjustment. None of these proposals came close to the territorial adjustments contained in the set of ideas, notably in the area to the west of Nicosia.

22. President Vassiliou expressed the view that any territorial adjustment should ensure that the area to come under Greek Cypriot administration be such as to enable the largest possible number of Greek Cypriots to return to their homes. While he did not consider the suggested territorial adjustments to be equitable, he stated that he was ready to negotiate an agreement on that basis.

23. For my part, I stated to both leaders my firm belief that the good offices msssion entrusted to me by the Security Council permitted me to put forward a map for the consideration of the parties. I also recalled the agreement that had been reached with the parties some time earlier to base the discussion of territory not on percentages, but rather on a line that would be drawn on a map. I pointed out that territorial adjustments could not be discussed meaningfully on the basis of percentages, but only on the basis of a clear indication of the precise areas involved.

24. I recognized that the specific arrangements to be made had to be sensitive to the interests and concerns of both parties, and that the solution envisaged would not produce new refugees or displaced persons. I pointed out that the set of ideas envisaged: (a) that Turkish Cypriots who, prior to the events of 1974, lived in the area that would - by virtue of the territorial adjustments - come under Greek Cypriot administration, would have the option to remain in their houses; (b) other Turkish Cypriots, currently living in the affected area who wished to stay in that area or to go back to their former properties, would be able to do so; and (c) that those who wished to move to the area under Turkish Cypriot administration must first be provided with comparable alternative accommodation there and benefit from economic rehabilitation.

25. I noted that the economic significance of the Morphou area had diminished with the decline in the value of citrus growing and that the Turkish Cypriot federated State would contain some 55 per cent of the island's coastline - the most valuable natural resource of Cyprus. With regard to the problem of water resources, I emphasized that these should be developed and administered at the federal level for the common benefit of both federated States. I pointed out that the water situation in general, and in the Morphou area in particular, was reaching a critical point, and that the status quo would be a viable option for only a short time more. I suggested that the federal arrangements guarantee that each federated state have available to it, at a minimum, the per capita supply of water available to each community today.

26. At my suggestion, both leaders stated their readiness to prepare a federally funded programme as part of the overall framework agreement that would provide, before any relocations took place, alternative housing and full economic and social infrastructure to all of those who would be affected by the territorial adjustment.

2. Displaced persons

27. The section of the set of ideas entitled "Displaced persons" seeks to resolve in a fair and practical manner the situation that arose with the displacement of large numbers of both Greek Cypriots and Turkish Cypriots during and after past hostilities on the island. It is estimated that some 160,000 Greek Cypriots and 45,000 Turkish Cypriots were displaced as a result of the events of 1974. The solution embodied in the set of ideas addresses practical difficulties of the Turkish Cypriot side, while respecting the important principles involved.

28. Mr. Denktaş stated that he accepted the principle of the right to return and the right to property, provided that the practical difficulties of the Turkish Cypriot side were taken into account. At the same time, he underlined the need to recognize the validity of the "title deeds" that the Turkish Cypriot authorities had issued to post-1974 occupants of properties of Greek Cypriots located in the area now under Turkish Cypriot control.

29. In addressing the practical difficulties of his community, Mr. Denktaş envisaged a long list of categories of Turkish Cypriots, currently residing in the former residences of Greek Cypriots who, in his view, should not be obliged to vacate the properties in question in favour of a returning proprietor. In such cases, the latter would be compensated. Mr. Denktaş indicated that the determinations in respect of the above-listed categories of Turkish-Cypriot "owner"/occupants should be made by authorities of the Turkish Cypriot federated State.

30. In addition, Mr. Denktaş envisaged also that a review mechanism in each federated State would, in a mutually agreed manner, determine, upon recourse by the present "owner" and/or occupant, whether there were circumstances that would preclude relocation in that particular case.

31. For his part, President Vassiliou agreed, in this as in all other respects, that the set of ideas provided the basis for reaching an overall framework agreement. He insisted on the principle of the right of return and on the right to property, while recognizing the need to resolve practical difficulties faced by the Turkish Cypriot side. He stressed that he was opposed to any recognition of massive confiscation of the properties of displaced persons, since that would be contrary to resolutions of the United Nations and human rights instruments.

32. He stated that the property area owned by Greek Cypriots in the area that, under the suggested territorial adjustments, would make up the Turkish

Cypriot federated State was twice that of the properties of Turkish Cypriots in the area that would form the Greek Cypriot federated State. He added that the ratio between the respective 1974 values of these Greek Cypriot and Turkish Cypriot properties was 8:1. He was opposed to the concept of "zeroing out" of the properties of displaced persons, and attached importance to the option of long-term leasing and other commercial arrangements, a provision that Mr. Denktaş also agreed to consider.

3. Other issues

33. During the last days of the resumed proximity talks, my representatives reviewed with each leader the other six headings of the set of ideas. Each leader was acquainted with the views of the other in this respect. During the discussions with Mr. Denktaş, he put forward views on the questions of sovereignty, transitional arrangements, the federal executive, the membership of Cyprus in certain international organizations and economic development. In this connection, my representatives stressed the need to avoid asserting positions that would alter the delicate balance of the set of ideas and be at variance with resolutions of the Security Council. If, as I hope, this advise is followed, I believe that the two sides are within agreement range on the other six issues in the set of ideas.

C. Observations

34. In my previous report (S/23780), I stated that the set of ideas, provided it adequately clarified the outstanding issues, in particular territorial adjustments and displaced persons, would offer a fair basis on which an agreement can be concluded. I believe that that stage has been reached. The suggestions in the set of ideas on displaced persons and on territorial adjustments bring these two elements to the same level of clarity as the other elements of the set of ideas. The parties should now therefore be in a position to reach an early agreement. The intensive effort between June and August could have achieved that goal had there been a greater degree of political will.

35. On territorial adjustments, substantive discussions have taken place for the first time, but the Turkish Cypriot side needs to show the necessary willingness to foresee an adjustment more or less in line with the suggestions embodied in the set of ideas if the delicately crafted balance in the remainder of the set of ideas is to be maintained.

36. I understand the concern of the Turkish Cypriot side about the possible impact of the territorial adjustments on the population currently living in the affected area. However, as the set of ideas makes clear, there is no question of these persons becoming displaced persons or refugees. No one would be required to move from the affected area and those who wish to move from there to the federated State that would come under Turkish Cypriot administration would only do so when adequate housing and economic rehabilitation had been provided to them.

37. On displaced persons, I welcome the acceptance by Mr. Denktaş of the principle of the right to return and of the right to property. However, while one cannot ignore the practical difficulties involved in resolving the issue of displaced persons, the manner in which these are addressed must not deny the principles of the right of return and the right to property. The set of ideas offers reasonable arrangements that address the practical difficulties in a manner that takes into account the legitimate rights and interests of both sides.

38. The strenuous effort during the past three months has yielded some progress but did not achieve the goal that one could have expected. The two leaders have agreed to resume their joint talks with me in October. As I mentioned earlier, the set of ideas has now been sufficiently developed to enable the two sides to reach an overall agreement provided the observations that I have made above are properly addressed, and the two leaders manifest the necessary political will. The international community has the right to expect that the talks in October will result in such an agreement.

39. Since the continuation of the status quo is not a viable option, I believe that, should an agreement not emerge from the talks that will reconvene in October, it would be necessary for the Security Council to give serious consideration to alternative courses of action for resolving the Cyprus problem.

Annex

Set of ideas on an overall framework agreement on Cyprus

1. The leader of the Greek Cypriot community and the leader of the Turkish Cypriot community have negotiated on an equal footing, under the auspices of the mission of good offices of the Secretary-General, the following overall framework agreement on Cyprus which constitutes a major step towards a just and lasting settlement of the Cyprus question. The overall framework agreement will be submitted to the two communities in separate referendums within 30 days of its completion by the two leaders at a high-level international meeting.

I. OVERALL OBJECTIVES

2. The overall framework agreement is an integrated whole which, when it is approved by both communities in separate referendums and the provisions contained in the transitional arrangements have been implemented, will result in a new partnership and a new constitution for Cyprus that will govern the relations of the two communities on a federal basis that is bi-communal as regards the constitutional aspects and bi-zonal as regards the territorial aspects. The overall framework agreement is based on the 1977 and 1979 high-level agreements, relevant United Nations resolutions, in particular Security Council resolutions 367 (1975), 649 (1990), 716 (1991) and 750 (1992), and the guiding principles set out below.

3. The overall framework agreement recognizes that Cyprus is the common home of the Greek Cypriot community and of the Turkish Cypriot community and that their relationship is not one of majority and minority but one of two communities in the federal republic of Cyprus. It safeguards the cultural, religious, political, social and linguistic identity of each community.

4. The overall framework agreement ensures that the Cyprus settlement is based on a State of Cyprus with a single sovereignty and international personality and a single citizenship, with its independence and territorial integrity safeguarded, and comprising two politically equal communities as defined in paragraph 11 of the Secretary-General's report of 3 April 1992 (S/23780) in a bi-communal and bi-zonal federation, and that the settlement must exclude union in whole or in part with any other country or any form of partition or secession.

5. The overall framework agreement acknowledges and ensures the political equality of the two communities. While political equality does not mean equal numerical participation in all branches and administration of the federal Government, it will be reflected in the fact that the approval and amendment of the federal constitution will require the approval of both communities; in the effective participation of both communities in all organs and decisions of the federal Government; in safeguards to ensure that the federal government will not be empowered to adopt any measures against the interests of one community;

and in the equality and identical powers and functions of the two federated states.

6. The overall framework agreement provides for functions and powers of the federal Government, including its structure, composition and functioning of its three branches, that will ensure the effective participation of the two communities and the effective functioning of the federal Government, which will require an appropriate deadlock-resolving machinery.

7. The two communities acknowledge each other's identity and integrity, and commit themselves to work actively to achieve a new relationship based on mutual respect, friendship and cooperation. Toward this end, the two communities agree to change all practices incompatible with this commitment and to refrain from any action that would impair the efforts for a negotiated settlement. They pledge to launch immediately a programme of action to promote goodwill and closer relations between them (see appendix).

II. GUIDING PRINCIPLES

8. The bi-communal and bi-zonal federation will be established freely by the Greek Cypriot and Turkish Cypriot communities. All powers not vested by them in the federal Government will rest with the two federated states.

9. The federal constitution will come into force after its approval by the two communities in separate referendums and can only be amended with the approval of both federated states.

10. The federal republic will be one territory composed of two politically equal federated states.

11. The federal republic will have one sovereignty which is indivisible and which emanates equally from the Greek Cypriot and Turkish Cypriot communities. One community cannot claim sovereignty over the other community. The federal republic will have one international personality and one citizenship regulated by federal law in accordance with the federal constitution.

12. The federal constitution will safeguard the identity, integrity and security of each community as well as their political, economic, social, cultural, linguistic and religious rights. All citizens will be equal under the law.

13. The federal republic will be secular. Religious functionaries will be prohibited from holding elected or appointed political office in the federal Government or in the federated states.

14. The federal republic will maintain special ties of friendship with Greece and Turkey and will accord most favoured nation treatment to Greece and Turkey in connection with all agreements whatever their nature. The federal republic will continue the membership in the Commonwealth.

15. The official languages of the federal republic will be Greek and Turkish. The English language may also be used.

16. The federal republic will have its own flag to be agreed upon. The federal flag will be flown on federal buildings and federal locations to the exclusion of all other flags. Each federated state will have its own flag.

17. The holidays to be observed by the federal Government will be agreed upon and embodied in the federal constitution. Each federated state will observe the federal holidays as well as those established by it.

18. The two federated states will have identical powers and functions.

19. Each federated state will be administered by one community.

20. Each federated state will decide on its own governmental arrangement in a manner consistent with the federal constitution.

21. The federal Government cannot encroach upon the powers and functions of the two federated states.

22. Security, law and order and the administration of justice in its territory will be the responsibility of each federated state in a manner consistent with the federal constitution.

23. The two federated states will cooperate in the preservation and/or use of historical sites and religious shrines of both faiths to be agreed to during the transitional period.

III. CONSTITUTIONAL ASPECTS OF THE FEDERATION

24. The powers, functions and structure of the federal Government will be in conformity with the overall objectives and guiding principles set out above.

A. Powers and functions to be vested in the federal Government

25. The federal Government will have the powers and functions listed below. All powers and functions not vested in the federal Government will rest with the two federated states. The federated states may decide jointly to confer additional powers and functions to the federal Government or to transfer powers and functions from the federal Government to the federated states.

26. The federal Government will have the following powers and functions:

(a) Foreign affairs (the federated states may enter into agreements with foreign Governments and international organizations in their areas of competence. The representation in foreign affairs will reflect the bi-communal nature of the federal republic);

(b) Central bank functions (including the issuance of currency);

(c) Customs and the coordination of international trade;

(d) Airports and ports as concerns international matters;

(e) Federal budget and federal taxation;

(f) Immigration and citizenship;

(g) Defence (to be discussed also in connection with the Treaties of Guarantee and of Alliance);

(h) Federal judiciary and federal police;

(i) Federal postal and telecommunications services;

(j) Patents and trademarks;

(k) Appointment of federal officials and civil servants (on a 70:30 Greek Cypriot/Turkish Cypriot ratio);

(l) Standard setting for public health, environment, use and preservation of natural resources, and weights and measures;

(m) Coordination of tourism and industrial activities.

27. The federal powers and functions will be executed by the federal Government or, in accordance with agreements, through delegation to the federated states.

B. Structure, composition and functioning of the federal Government

1. The Legislature

28. The legislature will be composed of a lower house and an upper house. The presidents of the lower house and of the upper house cannot come from the same community. The president and vice-president of each house will not come from the same community.

29. All laws must be approved by both houses.

30. The lower house will be bi-communal with a 70:30 Greek Cypriot/Turkish Cypriot ratio.

31. The upper house will have a 50:50 ratio representing the two federated states.

32. All laws will be adopted by majority in each house. A majority of the Greek Cypriot or Turkish Cypriot representatives in the lower house may decide, on matters related to foreign affairs, defence, security, budget, taxation, immigration and citizenship, that the adoption of a law in the lower house will require separate majorities of the representatives of both communities.

33. Separate Greek Cypriot and Turkish Cypriot majorities will be required to constitute a quorum in each house. If a quorum is not attained in either house on two consecutive meetings because of the absence of a majority of one or both communities, the president of the relevant house will call a meeting in no less than 5 days and no more than 10 days. At that meeting, a majority of the upper house will constitute a quorum. In the lower house, 30 per cent of the total membership will constitute a quorum.

34. If the two houses fail to adopt a bill or decision, they will initiate proceedings to obtain a consensus while ensuring the continued functioning of the federal government. To this end, a conference committee will be established. The conference committee will be composed of two persons each selected by the Greek Cypriot and Turkish Cypriot groups equally from among the members of the two houses of the federal legislature. The text of the legislation or decision agreed to by the conference committee will be submitted to both houses for approval.

35. In the event the federal budget is not adopted in one or both houses and until an agreement is reached by the conference committee and is adopted by both houses, the provisions of the most recent federal budget plus inflation shall remain in effect.

2. The Executive

36. The federal executive will consist of a federal president, a federal vice-president, and a federal council of ministers. The president and the vice president will symbolize the unity of the country and the political equality of the two communities.

[On the question of the election of the president and vice-president, the two sides have expressed different positions. The Greek Cypriot side prefers a system under which the president is elected by popular universal suffrage. The Turkish Cypriot side prefers a system under which the president rotates between the two communities.]

37. To facilitate the effective launching of the federal government and for the initial eight years, the president and vice-president will also be the heads of their respective federated states.

38. There will be a council of ministers composed of Greek Cypriot and Turkish Cypriot ministers on a 7:3 ratio. The president and vice-president will designate the ministers from their respective communities who will

appoint them by an instrument signed by them both. One of the following three ministries, that is foreign affairs, finance, or defence, will be allocated to a Turkish Cypriot minister. The president and the foreign minister will not come from the same community.

39. The president and the vice-president will discuss the preparation of the agenda of the council of ministers and each can include items in the agenda.

40. Decisions of the council of ministers will be taken by majority vote. However, decisions of the Council of ministers concerning foreign affairs, defence, security, budget, taxation, immigration and citizenship will require the concurrence of both the president and the vice-president.

41. Arrangements related to the implementation of foreign policy and the composition of the foreign service will be set out in the federal constitution.

42. The president and the vice-president will, separately or conjointly, have the right to veto any law or decision of the legislature concerning foreign affairs, defence, security, budget, taxation, immigration and citizenship. The president and vice-president will have the right, separately or conjointly, to return any law or decision of the legislature or any decision of the council of ministers for reconsideration.

3. The Judiciary

43. The federal judiciary will consist of a supreme court composed of an equal number of Greek Cypriot and Turkish Cypriot judges appointed jointly by the president and vice-president with the consent of the upper house. The supreme court will sit as the federal constitutional court and the highest court of the federation. Its presidency will rotate between the senior Greek Cypriot and Turkish Cypriot members of the supreme court. Lower federal courts may be established in each federated state.

44. The supreme court will deal with matters arising under the federal constitution and federal laws, and will be empowered to fulfil other judiciary functions related to federal matters attributed to it by the federal constitution or federal legislation.

45. Each federated state will have its own judiciary to deal with matters not attributed to the federal judiciary by the federal constitution.

46. The federal constitution will establish the procedure for ascertaining the constitutionality of federal laws and executive acts, as well as adequate machinery of judicial review to ensure the compliance of legislative, executive, and judicial acts of the federated states with the federal constitution.

C. Fundamental rights, including the three freedoms, and political, economic, social and cultural rights

47. All universally recognized fundamental rights and freedoms will be included in the federal constitution.

48. The freedom of movement, the freedom of settlement and the right to property will be safeguarded in the federal constitution. The implementation of these rights will take into account the 1977 high-level agreement and the guiding principles set out above.

49. The freedom of movement will be exercised without any restrictions as soon as the federal republic is established, subject only to non-discriminatory normal police functions.

50. The freedom of settlement and the right to property will be implemented after the resettlement process arising from the territorial adjustments has been completed. The federated states will regulate these rights in a manner to be agreed upon during the transitional period consistent with the federal constitution.

51. Persons who are known to have been or are actively involved in acts of violence or in incitement to violence and/or hatred against persons of the other community may, subject to due process of law, be prevented from going to the federated state administered by the other community.

IV. SECURITY AND GUARANTEE

52. The security of the federal republic and of the Greek Cypriot and Turkish Cypriot federated states will be guaranteed.

53. The demilitarization of the federal republic remains an objective.

54. The 1960 Treaties of Guarantee and of Alliance continue in force and will be supplemented in a document to be appended as set out below.

55. The Treaty of Guarantee will ensure the independence and territorial integrity of the federal republic and exclude union in whole or in part with any other country and any form of partition or secession; ensure the security of the Greek Cypriot and the Turkish Cypriot federated states; and ensure against the unilateral change of the new constitutional order of the federal republic by either community.

56. A numerical balance of Greek and Greek Cypriot troops and equipment on the one hand and of Turkish and Turkish Cypriot troops and equipment on the other hand will be achieved within ____ months after the overall framework agreement has been approved by the two communities in separate referenda.

57. A timetable will be established for the further reduction to an agreed level of the Greek Cypriot and the Turkish Cypriot units and for the withdrawal of all non-Cypriot forces not provided for under the Treaty of Alliance. This timetable will be fully implemented prior to the establishment of the federal republic and in phases parallel to the implementation of the programme of action set out in the appendix.

58. The Treaty of Alliance will provide for the stationing in Cyprus of Greek and Turkish contingents of equal size and equipment not exceeding ____ persons each. The Greek contingent will be stationed in the federated state administered by the Greek Cypriot community and cannot enter the federated state administered by the Turkish Cypriot community. The Turkish contingent will be stationed in the federated state administered by the Turkish Cypriot community and cannot enter the federated state administered by the Greek Cypriot community.

59. The federal republic will maintain a federal force consisting of a Greek Cypriot and a Turkish Cypriot unit of equal size and equipment not exceeding the size of the Greek and Turkish contingents, under the joint overall command of the president and the vice-president. The Greek Cypriot unit will be stationed in the federated state administered by the Greek Cypriot community. The Turkish Cypriot unit will be stationed in the federated state administered by the Turkish Cypriot community. The president and the vice-president will jointly decide on the locations of the units.

60. There will not be any reserve force and any military or paramilitary training of civilian groups.

61. The Greek Cypriot and Turkish Cypriot units will promote mutual respect, friendship and closer relations between the two communities and foster their welfare by carrying out joint social service activities throughout the federal republic.

62. Each federated state and the federal republic will have a police force. All paramilitary activities and the ownership of weapons other than those licensed for hunting will be outlawed throughout the federal republic and any infraction will be a federal offense. The importation or transit of weapons and other military equipment other than that duly approved by the federal Government will be prohibited.

63. Immediately after the approval of the overall framework agreement by the two communities in separate referenda, an interim monitoring committee will be established composed of the three guarantor powers, the two communities and the United Nations Peace-keeping Force in Cyprus (UNFICYP) which will be responsible for:

(a) Monitoring the achievement of the agreed numerical balance of Greek and Greek Cypriot troops and equipment on the one hand and Turkish and Turkish Cypriot troops and equipment on the other hand to be implemented within ___ months after the overall framework agreement has been approved by the two communities in separate referendums;

(b) Monitoring the achievement of the agreed timetable for the further reduction to the agreed level of Greek Cypriot and Turkish Cypriot units and the withdrawal of all non-Cypriot forces not provided for in the Treaty of Alliance prior to the establishment of the federal republic.

64. The Treaty of Guarantee, in a manner consistent with the principles of the Conference on Security and Cooperation in Europe (CSCE), with which the federal republic will affirm its commitment, will provide for a supervision and verification committee comprising representatives of the guarantor Powers and of the federal president and federal vice-president. The United Nations will provide the support personnel to assist the supervision and verification committee in carrying out its functions.

65. The supervision and verification committee will be responsible for investigating any development which in the view of either the federal president or federal vice-president or any guarantor Power is a threat to the security of either community or of the federal republic through on-site inspection and other methods the supervision and verification committee deems necessary. The supervision and verification committee will make recommendations for rectifying any situation it has established to be in contravention of the arrangements covered by the Treaties of Guarantee and of Alliance. The parties will be obligated to implement these recommendations promptly and in good will.

66. The United Nations Security Council will be requested to revise the mandate of UNFICYP, including support of the supervision and verification committee.

V. TERRITORIAL ADJUSTMENTS

67. The Greek Cypriot and Turkish Cypriot communities agree on the territories of the federated states administered by each, taking into account the 1977 high-level agreement.

68. The map attached hereto sets out the territories of the two federated states. The territorial agreement shall be respected and will be included in the federal constitution.

69. Persons affected by the territorial adjustments will have the option of remaining in the area concerned or relocating to the federated state administered by their own community.

70. All necessary arrangements for the relocation of persons affected by territorial adjustments will be satisfactorily implemented before resettlements are carried out. The fund to be established related to displaced persons will be available for this purpose.

71. The territorial adjustment will not affect the water resources available to each federated state. The water resources available throughout the

federation will be allocated to the two federated states at a proportion at least equal to their respective current demand.

VI. DISPLACED PERSONS

72. The property claims of Greek Cypriot and Turkish Cypriot displaced persons are recognized and will be dealt with fairly on the basis of a time-frame and practical regulations based on the 1977 high-level agreement, on the need to ensure social peace and harmony, and on the arrangements set out below.

A. Areas that will come under Greek Cypriot administration

73. The first priority will be given to the satisfactory relocation of and support for Turkish Cypriots living in the area that will come under Greek Cypriot administration and to displaced persons returning to that area.

74. Turkish Cypriots who in 1974 resided in the area that will come under Greek Cypriot administration will have the option to remain in their property or to request to receive a comparable residence in the area that will come under Turkish Cypriot administration. Turkish Cypriot displaced persons currently residing in the area that will come under Greek Cypriot administration will have the option to receive comparable residence in that area, to return to their former residence, or to receive a comparable residence in the area that will come under Turkish Cypriot administration.

75. A bi-communal committee will be established immediately after the overall framework agreement has been approved in the referendums to arrange for suitable housing for all persons affected by the territorial adjustments.

B. Other areas under Greek Cypriot and Turkish Cypriot administration

76. Each community will establish an agency to deal with all matters related to displaced persons.

77. The ownership of the property of displaced persons, in respect of which those persons seek compensation, will be transferred to the ownership of the community in which the property is located. To this end, all titles of properties will be exchanged on a global communal basis between the two agencies at the 1974 value plus inflation. Displaced persons will be compensated by the agency of their community from funds obtained from the sale of the properties transferred to the agency, or through the exchange of property. The shortfall in funds necessary for compensation will be covered by the federal Government from a compensation fund obtained from various possible sources such as windfall taxes on the increased value of transferred

properties following the overall agreement, and savings from defense spending. Governments and international organizations will also be invited to contribute to the compensation fund. In this connection, the option of long-term leasing and other commercial arrangements may also be considered.

78. Persons from both communities who in 1974 resided and/or owned property in the federated state administered by the other community or their heirs will be able to file compensation claims. Persons belonging to the Turkish Cypriot community who were displaced after December 1963 or their heirs may also file claims.

79. Current permanent residents of Cyprus who at the time of displacement owned their permanent residence in the federated state administered by the other community and who wish to resume their permanent residence at that location may also select the option to return.

80. Current permanent residents of Cyprus who at the time of displacement rented their permanent residence in the federated state administered by the other community and who wish to resume their permanent residence in that area will be given priority under the freedom of settlement arrangements.

81. All claims must be filed within six months after the approval of the overall framework agreement.

82. ____ thousand displaced persons who elect to return to their former permanent residence will be processed by the federated state concerned each year for ____ years. In addition, Maronites who in 1974 had their permanent residence in the federated state under the administration of the Turkish Cypriot community may elect to return to their properties. The two federated states will review the situation at the conclusion of the above mentioned period in the light of the experience gained.

83. This period will begin after the resettlement and rehabilitation process arising from territorial adjustments are essentially completed.

84. The settlement of those who select to return will take place after the persons who will be affected have been satisfactorily relocated. If the current occupant is also a displaced person and wishes to remain, or if the property has been substantially altered or has been converted to public use, the former permanent resident will be compensated or will be provided an accommodation of similar value.

85. Persons who are known to have been actively or are actively involved in acts of violence or incitement to violence and/or hatred against persons of the other community may, subject to due process of law, be prevented from returning to the federated state administered by the other community.

VII. ECONOMIC DEVELOPMENT AND SAFEGUARDS

86. A priority objective of the federal republic will be the development of a balanced economy that will benefit equally both federated states. A major programme of action will be established to correct the economic imbalance and ensure economic equilibrium between the two communities through special measures to promote the development of the federated state administered by the Turkish Cypriot community. A special fund will be established for this purpose. Foreign Governments and international organizations will be invited by the Security Council to contribute to this fund.

87. To help promote a balanced economy, persons may be employed throughout the federal republic at equal pay.

88. To protect in particular the federated state administered by the Turkish Cypriot community, special measures and safeguards will be adopted to avoid adverse economic effects resulting from the establishment of the federal republic, for example as a result of the adoption of one currency and the establishment of one customs frontier.

89. Each federated state may, in addition to federal taxation, establish and administer its own tax regime and determine tax rates in line with its economic objectives and needs.

90. In line with annex F, part II, of the Treaty of Establishment, the federal republic will accord most favoured nation treatment to Greece and Turkey in connection with all agreements whatever their nature.

91. A bi-communal committee will be established as part of the transitional arrangements to prepare the special programmes and measures envisaged above prior to the establishment of the federal republic. The United Nations Development Programme (UNDP) will provide the committee with support. The committee may request other expert assistance as required.

92. Matters related to the membership of the federal republic in the European Economic community will be discussed and agreed to, and will be submitted for the approval of the two communities in separate referendums. [This paragraph relates exclusively to arrangements that might be put in place in Cyprus and in no way impinges upon the prerogatives of the European Community and its member States in matters concerning membership in the Community.]

VIII. TRANSITIONAL ARRANGEMENTS

93. Immediately after the approval in separate referendums of the overall framework agreement on Cyprus, the following transitional arrangements will be carried out to implement the overall framework agreement, including the preparation and putting into force of the federal constitution. All transitional arrangements will be fully implemented in an 18-month period.

94. In line with this overall framework agreement, bi-communal committees will be established immediately to implement the provisions related to the preparation and putting into force of the federal constitution and electoral law, the establishment of the federal civil service, property settlement claims, economic development and safeguards, arrangements related to the territorial adjustments to take effect at the time the federal republic is established, and the programme of action set out in the appendix. Furthermore, a committee composed of the representatives of the guarantor powers and the two communities will be established to supplement the Treaties of Guarantee and of Alliance. The United Nations will assist each committee in fulfilling its functions. Each side may employ foreign experts.

95. In addition, a committee composed of the leaders of the two communities and a representative of the Secretary-General of the United Nations will be established immediately to work out the transitional arrangements procedures foreseen herein and to ensure that the functions of the above mentioned committees are implemented in an effective and timely manner. Furthermore, the committee will, within 30 days of its completion by the two leaders at a high-level international meeting, organize separate referendums to approve the overall framework agreement, and, at the appropriate time during the transitional period, organize separate referendums to approve the federal constitution and the elections of federal officials with the assistance of and verification by the United Nations.

96. During the transitional period, the current arrangements for the administration of the day-to-day internal affairs of each side will continue, unless modified by the provisions of the overall framework agreement. In matters affecting Cyprus as a whole, such as international trade and tourism, the same principle shall apply on the understanding that these matters will be administered on an interim basis in the common interest. To this end, interim procedures will be agreed to by the two communities.

97. During the transitional period, external affairs shall be conducted in a manner which accords with the principles contained in the overall framework agreement and in consensus with the leaders of the two communities. Arrangements shall be made for joint delegations, in particular to international meetings.

98. The statutes, laws, regulations, rules, contracts currently in effect on both sides shall be considered valid to the extent they are not inconsistent with the overall framework agreement. The federal Government may review prior international agreements to determine whether any action should be taken in respect thereto.

99. Each community will prepare its federated state constitution and electoral law in line with the federal constitution and electoral law, and will organize its federated state governmental arrangements which shall both come into being at the same time that the federal republic is established.

100. The date of entry into force of the federal constitution will be specified therein and will be the date on which the federal republic comes into being.

IX. NOTIFICATION TO THE UNITED NATIONS

101. As soon as the overall framework agreement has been approved in separate referendums by each community, the leaders of the two communities will address a letter to the Secretary-General of the United Nations transmitting to him the text of the Overall Framework Agreement with the request that he submit the letter and the overall framework agreement to the Security Council so that the Council may take note of the decision of the two communities to establish a federal republic in the manner described in the overall framework agreement.

Appendix

As soon as the overall framework agreement has been approved by the two communities in separate referendums the following programme of action to promote goodwill and close relations between the two communities will be implemented.

1. The flow of persons and goods, services, capital, communication, and international assistance from and/or to Cyprus will take place on an equal basis throughout Cyprus and any restrictions to the contrary will be lifted.

2. All restrictions on travel by members of the Turkish Cypriot community will be lifted. The two communities will agree on interim procedures.

3. The restrictions on the movement of tourists will be lifted.

4. Objections to the participation in international sport and cultural activities will be lifted.

5. The freedom of movement will be facilitated subject, by way of agreement between the two communities, only to minimal procedures.

6. Pending the establishment of the federal republic, Varosha will be placed under United Nations administration and a programme of action for its restoration will be prepared and implemented.

7. All military modernization programmes and strengthening of positions will cease. The two sides will cooperate with the United Nations Peace-keeping Force in Cyprus (UNFICYP) in extending the unmanning of positions along the buffer zone to all areas where the troops of both sides remain in close proximity to each other. The freedom of movement of UNFICYP throughout Cyprus will be ensured.

8. A bi-communal committee will be established to review the textbooks used in schools on each side and make recommendations for the removal of material that is contrary to the promotion of goodwill and close relations between the two communities. The committee may also recommend positive measures to promote that objective.

9. Both communities will promote goodwill and close relations between them and friendly relations with Greece and Turkey.

10. Both communities will, within the limits of their authority, terminate all current or pending recourse before an international body against the other community or Greece or Turkey.

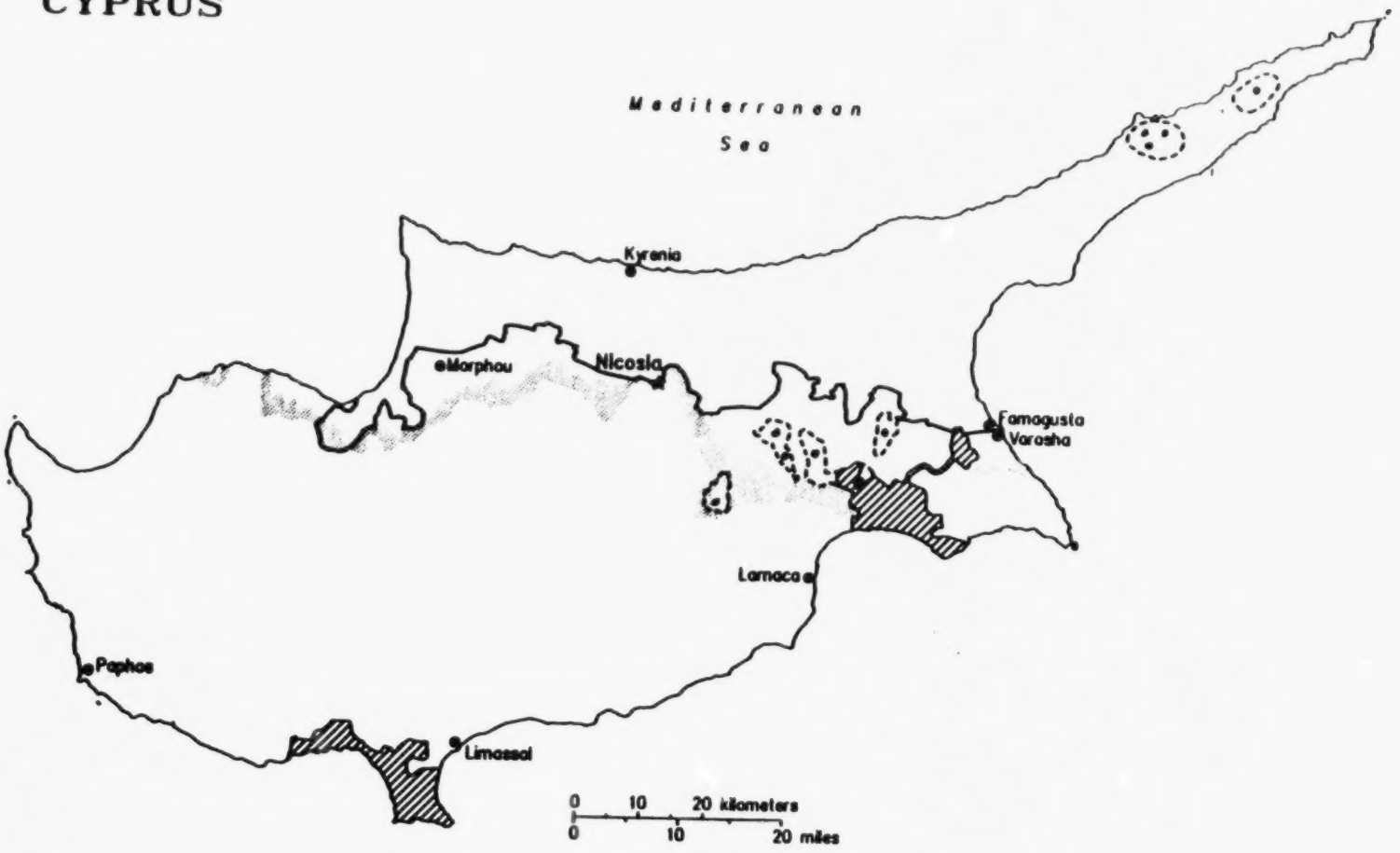
11. A bi-communal committee will be established to survey the water situation in Cyprus and to make recommendations on ways of meeting the water needs of Cyprus, including from external sources. The committee may request expert assistance as required.

12. A bi-communal committee will be established to prepare and launch a programme of action for the restoration of historical and religious sites throughout Cyprus. The committee may request expert assistance as required.

13. A bi-communal committee will be established to undertake a population census of both communities. The committee may request expert assistance as required.

14. The two communities undertake to support the efforts of the Committee on Missing Persons to reach early conclusions wherever possible on the fate of the missing persons. To this end, the Committee is requested to undertake without delay the investigation of all cases of missing persons and, to this end, to reassess the criteria for arriving at conclusions on the fate of the missing.

CYPRUS


Mediterranean
Sea
Kyrenia
Nicosia
Famagusta
Varosha
Larnaca
Paphos
Limassol
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